



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (June 2004)

(Implements RCW 34.05.310)

Do **NOT** use for expedited rule making

Agency: Department of Licensing

Subject of possible rule making: WAC 308-66-110, WAC 308-66-155, WAC 308-66-157, and WAC 308-66-190.

Statutes authorizing the agency to adopt rules on this subject: RCW 46.70.160.

Reasons why rules on this subject may be needed and what they might accomplish: To clarify a dealer's duty to apply for title into the name of a vehicle purchaser.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:
None.

Process for developing new rule (check all that apply):

- ☒ Negotiated rule making
- ☐ Pilot rule making
- ☐ Agency study
- ☐ Other (describe)

How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:

(List names, addresses, telephone, fax numbers, and e-mail of persons to contact; describe meetings, other exchanges of information, etc.)

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DATE

CODE REVISER USE ONLY

NAME (TYPE OR PRINT) Daniel Devoe
SIGNATURE
TITLE Administrator

March 10, 2005
WSR 05-07-044

WAC 308-66-110 Definitions. For the purpose of administering chapter 46.70 RCW, the following terms shall be construed in the following manner:

(1) "Offering" the sale of a vehicle shall include the distribution by any means of a list, with or without prices, of vehicles for sale.

(2) "Soliciting" the sale of a vehicle shall include an offer to effect the purchase or sale of a vehicle on behalf of another person.

(3) "Normal business hours" or "reasonable times" shall include, but not be limited to, the hours from 10:00 a.m. through 4:00 p.m. for five days each week. When a dealer closes the place of business during normal business hours, a sign must be posted on the main door of the business stating the time that the dealer will next be open for business and how the dealer may be contacted provided that this is not permission to routinely avoid maintaining normal business hours.

(4) An "employee" of a dealer is a person on the payroll who appears on the record of the dealer as an employee for whom social security, withholding tax, and all deductions required by law have been made.

(5) A "broker" shall mean any person acting independently, who for a commission, fee or any other form of compensation arranges or engages in the wholesale or retail purchase, sale or lease with option to purchase, of a vehicle.

(6) A "vehicle dealer identification card" is a card, prescribed by the department and issued by a licensed dealer, that is used to identify the principal of a dealership, including a corporate officer, a partner of a partnership, or sole proprietor, or a member of a limited liability company, or an "employee," for purposes of driving a vehicle bearing dealer license plates.

(7) A "demonstration permit" is a permit issued by a dealer to a prospective customer entitling the prospective customer to operate a particular vehicle for demonstration purposes.

(8) Current service agreement - The agreement between a vehicle manufacturer or vehicle distributor and a seller, stipulating that the seller will provide warranty adjustments for the owners of that manufacturer's or distributor's new vehicles which qualify for adjustments under the manufacturer's or distributor's warranty.

(9) New vehicle warranty - The warranty extended by a manufacturer or distributor to the first retail purchaser.

(10) "Closing" shall mean the process of completion of sale transaction.

(11) "Completion of sale" in the case of a consigned vehicle shall mean that the purchaser has possession of the vehicle, all liens against the vehicle are paid, the seller has the proceeds of sale, and title to the vehicle has been transferred to the retail purchaser.

(12) "Listing" shall mean a contract between a seller of a used mobile/manufactured home and a listing dealer for the dealer to locate a willing purchaser for that home.

(13) "Consignment" shall mean an arrangement whereby a vehicle dealer accepts delivery or entrustment of a vehicle and agrees to sell the vehicle on behalf of another.

(14) "Remanufactured" shall mean to remake or reprocess into a finished product by a large scale industrial process.

(15) "Guaranteed title" as it relates to a consigned vehicle shall mean a guarantee by the consignor to convey title to the consignee upon sale of the vehicle. The consignment agreement between the consignor and consignee shall comply with the provisions of WAC 308-66-155.

(16) "Used vehicle" in keeping with RCW 46.04.660, and for purposes of the requirement for a service agreement in RCW 46.70.101 (1)(a)(vii), a vehicle will be considered used if it meets the following requirements:

(a) It has been titled or registered to a bona fide retail purchaser/lessee for a period of 90 days or more; and

(b) The vehicle has been operated (driven) to the extent that its odometer registers 3,000 miles or more.

However, the requirements of (a) and (b) of this subsection will not apply if a bona fide retail purchaser/lessee sells, trades, or otherwise disposes of the vehicle prior to its having met those requirements. To document such an exemption, the subsequent wholesaling and retailing dealer must keep, as a dealer business record, a notarized affidavit from either the bona fide retail purchaser/lessee, or in the case of an imported vehicle, a notarized affidavit from the importer of the vehicle. That affidavit will be prescribed by the department and must confirm that the retail purchaser/lessee was a bona fide retail purchaser/lessee.

(17) A "bona fide retail purchaser/lessee" is one who purchases or leases a vehicle for the purpose of using it, rather than for the purposes of resale or lease.

(18) The "principal" of a business as used herein means:

(a) The proprietor of a sole proprietorship;

- (b) A partner of a partnership;
- (c) An officer of a corporation; or
- (d) A member or manager of a limited liability company.

[Statutory Authority: RCW 46.70.160. 04-16-090, § 308-66-110, filed 8/3/04, effective 9/3/04; 02-12-062, § 308-66-110, filed 5/31/02, effective 7/1/02; 98-20-039, § 308-66-110, filed 9/30/98, effective 10/31/98; 96-19-025, § 308-66-110, filed 9/9/96, effective 10/10/96. Statutory Authority: RCW 46.70.160 and 1986 c 199 § 1. 87-01-016 (Order DLR 115), § 308-66-110, filed 12/9/86; Order MV 170, § 308-66-110, filed 7/16/73; Order 70-08-04, § 308-66-110, filed 8/6/70; Order 69-1, § 308-66-110, filed 8/28/69; Order 2, § 308-66-110, filed 1/29/68.]

WAC 308-66-155 Consignment. (1) Contract. How must I handle a consignment transaction?

(a) It shall be considered an unlawful practice within the meaning of RCW 46.70.180(2) for a vehicle dealer to accept any vehicle on consignment without first reducing the terms of the consignment to writing.

(b) *All consignment contracts must include:*

(i) The names of the parties to the contract including the identity of the legal owner of the consigned vehicle.

(ii) The consignor's statement that guarantees to deliver the title to the dealer-consignee upon sale of the vehicle which identifies the location of the title and states the unpaid balance owing on the vehicle, if any.

(iii) The date of the consignment agreement.

(iv) The specific effective duration of the contract.

(v) The agreed upon amount which will be paid to the consignor.

(vi) The description of the consigned vehicle, by make, model, vehicle identification number, and license number.

(vii) The signatures of the parties to the contract.

(viii) If no amount has been specified in (v) above, then the minimum retail price and the commission, fee, or compensation to which the dealer-consignee will be entitled upon the sale of the consigned vehicle.

(2) In the event the dealer-consignee and the consignor shall deem it appropriate to vary the terms of the written contract, the dealer-consignee shall obtain written authorization from the consignor prior to the sale of the subject vehicle.

(3) Requirements for selling consigned vehicles.

(a) All funds received, including deposits or payments in full or proceeds from the sale of trade-ins, must be placed in a trust account as required under RCW 46.70.180(9), and said funds must remain in that trust account until the consignor's and any lienholder interests have been fully satisfied. It shall be considered an unlawful practice for a vehicle dealer or salesperson to commingle funds received on a consigned vehicle with the assets of the dealer and/or the salesperson until all terms of the agreement have been completed.

(b) The amount due a consignor and any lienholder from the sale of the consigned vehicle must be paid by the consignee within ten days following delivery of the vehicle to the purchaser.

(c) At the same time payment is made pursuant to (b) of this subsection, the dealer must give to the consignor a copy of the purchase order used in the sale.

(4) Consignee's duty to transfer title.

(a) The sale of consigned vehicles imposes upon the consignee-dealer the same duty under RCW 46.70.122 to promptly transfer title into the name of the purchaser as in any other sale.

(b) Prior to accepting a vehicle for consignment and offering it for sale, it shall be the duty of the consignee to verify or confirm the title location. Failure to do so shall be considered an unlawful and deceptive practice under RCW 46.70.180(2).

[Statutory Authority: RCW 46.70.160. 04-16-090, § 308-66-155, filed 8/3/04, effective 9/3/04; 98-20-039, § 308-66-155, filed 9/30/98, effective 10/31/98; 96-19-025, § 308-66-155, filed 9/9/96, effective 10/10/96. Statutory Authority: RCW 46.70.160 and 46.70.028. 91-20-057, § 308-66-155, filed 9/24/91, effective 10/25/91. Statutory Authority: RCW 46.70.160 and 1986 c 199 § 1. 87-01-016 (Order DLR 115), § 308-66-155, filed 12/9/86; Order MV-352, § 308-66-155, filed 3/4/76.]

WAC 308-66-157 Listing. How do I handle a manufactured home listing?

(1) Dealer responsibilities.

(a) The listing dealer shall be responsible for negotiating the agreement between seller and purchaser as follows:

(b) All written offers shall be presented to the seller for acceptance or refusal. A copy of the agreement shall be delivered to the purchaser immediately following the purchaser's signing.

(c) A copy of the offer to purchase shall be delivered to the seller immediately following seller's signing and acceptance of purchaser's offer.

(d) A copy of the agreement to purchase bearing the signature of the seller(s) shall be delivered to the purchaser as proof that the purchaser's offer was accepted.

(e) A legible copy of the agreement to purchase shall be retained in the listing dealer's files.

(f) A copy of the agreement between purchaser and dealer to disburse any funds from the trust account to pay liens against the used mobile/manufactured home shall be retained in the dealer's files.

(2) At the time the sale is closed, the listing dealer may pay outstanding liens out of the trust account prior to paying the sale proceeds to the seller.

(3) The sale of listed vehicles imposes upon the listing dealer the same duty under RCW 46.70.122 to promptly transfer title into the name of the retail purchaser, as in any other sale.

[Statutory Authority: RCW 46.70.160, 04-16-090, § 308-66-157, filed 8/3/04, effective 9/3/04; 98-20-039, § 308-66-157, filed 9/30/98, effective 10/31/98. Statutory Authority: RCW 46.70.160 and 1986 c 199 § 1, 87-01-016 (Order DLR 115), § 308-66-157, filed 12/9/86.]

WAC 308-66-190 Transfer of certificate of title by dealer. How is the transfer to be done? (1) When a vehicle displaying current Washington plates is sold, leased or otherwise disposed of by a dealer, the dealer must make an application for a certificate of title in the purchaser's or lessee's name within forty-five calendar days commencing with the sale, lease or disposal of the vehicle. The date on which the selling dealer physically delivers the vehicle to the customer/purchaser/lessee must commence the forty-five day interval in which the selling or leasing dealer must make an application for a certificate of title in the purchaser's or lessee's name. Under the following conditions a dealer may be granted an additional interval, not to exceed forty-five days in which to apply for title in the customer's name:

(a) The lien holder fails to deliver the vehicle title to the dealer within the time period for title transfer; and

(b) The dealer has satisfied the lien; and

(c) The dealer has proof that payment of the lien was made within two calendar days, exclusive of Saturday, Sunday, or a legal holiday after the sales contract has been executed by all parties and all conditions and contingencies in the sales contract have been met or otherwise satisfied; or

(d) The director may excuse any situations in which applications are delayed for reasons beyond the control of the dealer.

(2) The dealer must in every case sign or type their name on the dealer's report of sale on the title application accompanying the transfer. If an authorized agent signs for the dealer, they must give their title.

(3) The dealer shall provide a vehicle odometer disclosure statement with the title application as required by RCW 46.12.124.

[Statutory Authority: RCW 46.70.160. 04-16-090, § 308-66-190, filed 8/3/04, effective 9/3/04.
Statutory Authority: RCW 46.70.160 and 46.70.110. 99-02-049, § 308-66-190, filed 1/5/99, effective 2/5/99. Statutory Authority: RCW 46.70.160. 96-19-025, § 308-66-190, filed 9/9/96, effective 10/10/96.
Statutory Authority: RCW 46.70.160 and 46.70.124. 94-21-055, § 308-66-190, filed 10/13/94, effective 11/13/94. Statutory Authority: RCW 46.70.160, 46.12.120 and [46.12].124. 91-20-057, § 308-66-190, filed 9/24/91, effective 10/25/91. Statutory Authority: RCW 46.70.160. 90-24-054, § 308-66-190, filed 12/3/90, effective 1/3/91; 90-10-013, § 308-66-190, filed 4/20/90, effective 5/21/90; Order MV 170, § 308-66-190, filed 7/16/73; Order 2, § 308-66-190, filed 1/29/68.]